WELL Marketing Third Quarter Report
October 1990

why then?

The WELL Customer Base/Revenue Index

The following chart shows the main sources of WELL customers, their average length of subscription and their average monthly bill. The totals at the bottom of the chart comprise all *sourced* accounts going back to mid 1987. The totals of the average length multiplied by the average monthly bill forms the Revenue Index. This Index forms the basis for all marketing related revenue projections because it is the amount of gross revenue expected for each new subscriber over the length of their subscription. Over the course of 1990, the Revenue Index itself rose from $114.57 to a projected $158.16 in the fourth quarter.

AT WHAT TIME FOR WHAT PERIOD.

Source	Total #	Avg. length (mos.)	Avg. mo. bill
How ordered?			
Word of mouth	1034	12.8	$13.15
Whole Earth Review	838	11.6	$13.19
Print	755	10.8	$12.02
Group membership	435	11.6	$12.44
Grateful Dead	285	15.3	$16.93
Conf Interest	449	11.4	$15.09
Coupon (starts Dec 1989)	34	5.4	$14.54
Other (decline to state)	980	12.0	$12.37
Total	4822	12.0	$13.18

People, on average, use 13.18 − 8 = 5.18 ÷ 3 = <2 hr/mo.

Revenue Index: $158.16

what was it before?

Notes: Average length of subscription reached one full year, avg. bill rose from $12.32 at the beginning of 1990 to $13.18 through the 3rd Quarter.

SUMMARIZE ACTION STEPS. AMOUNT OF TIME.

Third Quarter Summary

Overall Growth - 3rd Quarter 1990

	3rd Quarter	Year to Date
New subscribers:	754	2036
Cancellations:	377*	1157*
Net growth:	373	879
Avg. new/month:	251	226
Avg. # cancel/month:	125	128
Avg. net growth per month:	124	98
Average monthly bill (all):	$14.03	$13.93
Average monthly bill (active):	$21.76	$22.67
Total number of billed accounts:	4100	4100
Total number of comp. accounts:	287	287
Total number of accounts:	4387	4387

(New subscribers: 1st Quarter - 670, 2nd Quarter 612, 3rd 754)
* includes WELL initiated cancellations —% 's ?

Sources of New Subscribers

Source	July	Aug	Sept	3rd Q Total	Year to Date
Word of Mouth	57	76	69	202	474
Whole Earth	72	57	52	181	382
Print	40	50	29	119	315
Group Membership	11	13	9	33	172
Grateful Dead	15	6	10	31	80
Conf interest	12	20	11	43	146
Coupon	4	1	1	6	20
BBS (new category)	1	7	2	10	10
Other (decline to state)	59	37	34	130	399
Totals	258	254	204	754	2,036

Press Coverage

July 8 - SF Examiner - featured in Denise Caruso's column
July 13 - Northern Cal. Jewish Bulletin - WELL discussed as an email link to Israel
July 15 - SF Examiner - mentioned in D. Caruso's column about the EFF
July 18 - SF Weekly - mentioned in story about online services
July 18 - Barlow logs into the WELL during "All Things Considered" interview on NPR
July 19 - Andrei Codrescu mentions the WELL during "All Things Considered" interview
July - Featured on a KPFA show about information technology
July-August - The Futurist magazine - featured in column called "Futurescan" Weekly starting in August - mentioned in the close of every "Hearts of Space" NPR show
August - Featured in Boardwatch magazine
August 11 - SJ Mercury News - mentioned in story about the death of Brent Mydland
Aug. 26 - NY Times - featured in story about Blair Newman
Aug. 22 - SF Bay guardian - WELL Current Events Conf. excerpted for story about Iraq
Aug. 30 - Point Reyes Light - feature about the WELL
Aug. 29 - La Republica (leading Italian daily) - feature about the WELL
Sept. 3 - Information Week - mentioned in feature about Barlow
Sept. - Scientific American - WELL mentioned in hacker story
Sept. - PC Computing - feature about the WELL
Sept. 24 - NPR feature about the CPSR mentions the WELL

Several members of the working press joined the WELL in the 3rd quarter including the editor of Telecommunications Magazine, a reporter for Newsweek, InfoWorld, the LA Times, the San Jose Mercury News, and the Wall Street Journal Boston bureau.

Third Quarter Highlights

July -

Two important conferences begun. The first is the EFF Conference started by Mitch Kapor and John Barlow. This forum generated no less than seven mentions in the press for the quarter and is a major reason so many people joined the WELL this year. The second is the Zine Conference where WELLers could read a "best of the WELL" selection that places emphasis on current material and points to the rest of the excerpted discussion. Both of thses conferences went right into the WELL "top twenty" and have stayed there ever since.

Other new conferences were: Pacific Rim, Star Trek, Disability, and System News.

The WELL received a good bit of radio attention including two national spot on "All Things Considered". In addition the WELL was featured on one part of a six part series for KPFA about emerging communications technologies and issues. The raido conference continues to attract radio professionals, many of who cross-pollinate in other conferences, trolling for ideas.

An interesting innkeeping related issue took some attention in July when a guy using the San Diego Reader's "read" account was something of a provocateur generating a pretty big hassle amongst many people online. Much discussion about censor/ban/boot in which he was censored by some hosts, banned by some others, but not "booted" by management.

August -

Marketing addressed a training session for Whole Earth Access computer sales staff explaining the WELL and the WELL brochure to about 30 salespeople. One consensus suggestion was to have countertop display racks for the brochure which have been procured and distrbuted.

September (& early Oct.) -

New signups citing Whole Earth Review as the source continued to run at all-time high levels suggesting that the WELL Newsletter inside the Summer issue was a success. The plan is to run another one in the Spring issue.

Marketing began conceiving and designing visual symbols and graphic images for inclusion in a portable oral presentation about the WELL. There will be three presentations, one for the WELL in general, one for groups, and one for teaching to other professionals in the business. Slogans and clear visual images that define not only the WELL but the nature of computer conferencing in general have the opportunity to become the phrases and pictures that enter into the common vernacular. This presentation, when completed, will be adaptable to many public speaking situations.

In late September, TechProse, operated by Sarah Stambler, broadcast a WELL press release plus other info and enticements over several hundred BBS' around the country. The WELL created a special bbsuser login for these customers. Sarah gets $5 per month for every person who signs up this way up a six month limit of $30. The WELL pays TechProse only after the WELL gets paid.

The WELL had a very popular booth at Cyberthon and the WELL was in evidence throughout that event. Many new and interesting signups expected.

In perusing the logs for how many people look at the "Tex's Tips" listing of suggested reading material, many more names have appeared on the daily rolls. An approximate average of 15-20 people per day use this facility for finding interesting material on the WELL, up from 7-10 earlier in the year. Hundreds more view it in the News Conference everytime the list gets updated. It takes a good bit of reading through the conferences to find worthy topics, but pays off in keeping people interested and in helping new people find good things to read. More tools need to be developed to help people get to things they are interested in as the system grows larger.

Fourth Quarter Strategy

1. Direct mail to selected nonprofits targeted for the CompuMentor TET Project: The TET Project is grant money received by CompuMentor for educating 150 selected nonprofit groups about the use of teleconferencing and email. Many of these groups will use the WELL as part of their training. Many others will decide between an offering of four online environments, one of which is the WELL. To help persuade these groups to choose the WELL, a letter written by WELL Marketing will be bundled in with Compumentor's instructions to the 150 groups. This is a unique opportunity for the WELL because of the large amout of pre-qualifying that CompuMentor has done. Out of a base of 1100 nonprofits in the Bay Region, 300 groups were selected to receive a letter and questionairre from the TET Project. Of the respondants to this letter 150 grous were chose to participate based in large part on their perceived readiness to use telecommunications. Readiness is all-imortant in getting a group to actually "take the plunge" and try teleconferencing.

ACTION: send a "persuasive request" letter to 150 selected non-profits. + phone follow up.

2. Computer Press Association: Marketing is negotiating with the Computer Press Association (CPA) to get their membership to move as a group over to the WELL from GEnie. The CPA is unhappy with GEnie and is very likely to come over to the WELL. Realistically this should mean about 120 members of the computer press using the WELL. To entice them and to encourage allthose journalists to troll for material in other parts of the WELL, the WELL is offering a discount on the hourly charge, probably two comp hours per month per login.

ACTION: sign up the Computer Press Association.

3. Marketing Communications: A second order of 2000 WELL brochures is at the printer as of this writing. In addition, a special insert for groups and businesses was designed and sent to the printer to go along with the WELL brochure.

Attach

• ON-LINE PREPAREDNESS CONFERENCE.
• TRAINING/EDUC'N BUDGET.

Marketing continues to conceive phrases and slogans - "hooks" - there is an increase in an emphasis on visual images. In addition to brochures and other paper handouts, this is the basis for the three planned variations on the audio/visual presentation about the WELL. The three are for general interest, groups and associations, and one for teaching to other professionals in the business. ← purpose of this.

A logo/visual identity for the WELL is badly needed. One local designer bid the design at $2000. In the quest for a bargain on a visual identity, it's been pretty dry diggings so far.

How much?

ACTIONS: Marketing requests that the WELL budget for professional design services at professional rates for a logo. Continue to construct presentations. Testing proshs?

4. Press coverage: Marketing is always on the prowl for excuses to mail out press releases. A pillar of our strength has been our ability to stay in the news. However, the WELL is running out of places that would print general "isn't this neat" stories. It would be great to have some sort of technical innovation such as a front end for the Mac or PC (see item #7 for more on this), or to win another award. Thinking about this leads to the next area - sponsorship.

ACTION: mail press releases pending developments in the next three areas - sponsorship, Zine, and MacWorkStation.

5. Sponsorship: An intiguing idea is for the WELL to sponsor either a team, an event, an award, a scolarship, or a fundraising event. Sponsorship could return several benefits to the WELL including name association, a good reason to put out a new press release, and positive associations in the public mind. One category for this could be "special needs" causes such as the Special Olympics. Or we could create our own award or scolarship fund. There may be tax breaks in this.

ACTION: research cost/benefits of sponsorship of prize, event or a group.

6. The "Zine": As the WELL grows, the content quality of the WELL's conference material is central to its position in the market. Marketing is exploring the idea of paying people who post material that makes it into the Zine Conf. this would give people incentive to write higher quality material or at least a higher amount of it. It could be a flat rate per posting categorized into two levels - one for larger postings and one for smaller. Payment could be in discounts for WELL connect time.

A longer range possibility is taking selected WELL postings and producing very sharp looking custom newsletter-format publications for sale.

ACTION: implement payment program for postings in the Zine Conference.

7. MacWorkStation: On October 24, John Coate and Kenton Hoover went to SF to meet with Norman Kline, Apple Product Manager, for a demonstration and subsequent offer that could have a profound impact on the future of the WELL. Briefly, MacWorkStation is a set of high level programming tools that would allow Macintosh and IBM (running Windows) WELL customers to use the WELL with an extrememly sophisticated and powerful "front-end" program that makes the WELL act like a Mac or Windows "desktop". To call it a front-end is somewhat misleading because it uses the computing power of the enduser station to take over much of the work formerly done by the host - in this case the Sequent.

Apple wants to have an online system that they can demonstrate in order to show that MacWorkstation works in the online service environment. Because they think the WELL is the best candidate for this purpose, they are offering the WELL a free developer's license for this product. Once developed, the WELL could sell the floppy disc to customers (in the $50 ballpark) and would not have to give royalties to Apple. Another company, United Data, has developed the IBM Windows application and to sell that disc some royalty would have to be paid.

high?

Of the WELL's 4100 billed accounts, 45% or 1845 are predicted to be IBM type users, and 35% or 1435 are predicted to be Macintosh users. Marketing predicts that 80% (1148) of the Mac users would pay $50 for a disc running our custom interface for a gross of $57, 400. Because IBM type users will require Windows to run this environment, sales of a disc to that group would be lower - perhaps only 25% (461) would buy the product. In addition a royalty would have to be paid to United Data of perhaps 10%. this would still bring a gross of $20,000 for the product. Development, programming, and promotional costs have yet to be worked out but these numbers suggest that costs would be covered by these sales.

The additional marketing opportunities are twofold: 1. Having this state of the art product gives the WELL a substantial opportunity for press coverage as well as increased excitement in the "word of mouth" promotional category. 2. Apple would use the WELL as their demonstration model worldwide to show the value of the MacWorkstation product and they would include the WELL in their promotions for this product.

ACTION: develop a strategy and budget to promote the WELL running MacWorkStation.

Third Quarter 1990 WELL Marketing Actuals

Assumptions:	*$3,150*	*Marketing Personnel Cost/Year*					
	$158.16	*Revenue Index - ($13.18 x 12 mos)*					
		Estimated Expenses				Estimated number of newusers	
	Notes/Formulas	Cash Expense	% of Mktg Personnel	Personnel	TOTAL		
PUBLICITY							
Press Coverage						119	
Whole Earth Review						181	
PROMOTIONS							
Brochure	Printing	$1,203	10%	$315	$1,518	6	
Reprints	100x4 (+ post)	$124			$124	25	
TRAVEL & ENTERTAINMENT	ph, tra, party	$587	10%	$315	$902		
Private GROUPS							
New Promotion	air, alug, EFF		10%	$315	$315	33	
INNKEEPING							
Online Environment/confs			50%	$1,575	$1,575		
WELL parties			5%	$158	$158		
COMP							
Journalists, radio		$861					
UNKNOWN SOURCE						130	
New IDEAS	presentation		15%	$473	$473		
TOTALS		$2,775	100%	$3,150	$5,064	494	
Total minus Innkeeping					$3,332	$78,131	
Marketing expense per sign					6.74		
REVENUE INDEX					158.16		

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Fourth Quarter 1990 WELL Marketing Budget

Assumptions:	*$3,150*	*Marketing Personnel Cost/Year*					
	$158.16	*Revenue Index - ($13.18 x 12 mos)*					
						Estimated number	
		Estimated Expenses				of newusers	
	Notes/Formulas	Cash Expense	% of Mktg Personnel	Personnel	TOTAL		
PUBLICITY							
Press Coverage	press release	$45	5%			160	
Whole Earth Review						150	
PROMOTIONS							
Brochure	Printing	$700	5%	$158	$858	45	
Reprints	100x4 (+ post)	$124	0%	$0	$124	25	
bbsuser	(5hr+$30)	$2,250				50	
TRAVEL & ENTERTAINMENT	ph, tra, party	$600	10%	$315	$915		
Private GROUPS							
New Promotion	TET, CPA	$50	10%	$315	$365	75	
INNKEEPING							
Online Environment/confs			50%	$1,575	$1,575		
COMP							
Journalists, radio	press pass	$861	0%	$0			
UNKNOWN SOURCE						130	
New IDEAS	presentation, log	$1,200	20%	$630	$1,830		
TOTALS		$5,830	100%	$2,993	$5,667	635	
Total minus Innkeeping					$4,092	$100,432	
Marketing expense per sign					6.44		
REVENUE INDEX					158.16		